is considered timely if received prior to the deadline for the receipt of noncompetitive tenders. Further, a noncompetitive bid received after the deadline for the receipt of noncompetitive tenders is considered timely only if it was submitted by mail and only if the envelope containing the tender bears a U.S. Postal Service cancellation date prior to the auction date and the tender is received on or before the issue date.

(4) Neither the Federal Reserve Bank nor the Department shall be, in any way, responsible for any unauthorized paper tender submissions or for any delays, errors, or omissions in the submission of paper tenders.

(c) *Submission of tenders by computer.* Competitive and noncompetitive tenders may be submitted by computer transmission to a Federal Reserve Bank. Tenders may be submitted by computer only by those submitters that have previously arranged with a Federal Reserve Bank for such submission.

(1) For computer tenders, the submitter must comply with computer communications and electronic access standards and requirements for Treasury auctions. Incomplete tenders or transmissions that do not comply with such standards and requirements may be accepted or rejected at the option of the Department.

(2) All tenders submitted by computer are binding on the submitter to the same extent as if they had been paper tenders. No paper tender should be submitted that duplicates a tender submitted by computer.

(3) Tenders submitted by computer must be received by the applicable closing time; the Federal Reserve Bank's computer time stamp will establish the time of receipt.

(4) The submitter bears sole risk for any disruption or failure in the operation of its own computer, any electronic-based communications facilities, or any communications lines between the submitter and the Federal Reserve Bank.

(5) The submitter is responsible for tenders submitted using computer equipment on its premises, whether or not such tenders are authorized.

(6) Neither the Federal Reserve Bank nor the Department shall be, in any way, responsible for any delays, errors, or omissions in the submission of tenders.

[58 FR 414, Jan. 5, 1993, as amended at 59 FR 28774, June 3, 1994; 61 FR 37010, July 16, 1996; 61 FR 43637, Aug. 23, 1996]

§ 356.12 Noncompetitive and competitive bidding.

(a) *General.* All bids, including bids for reopenings, must state the par amount of securities bid for and must equal or exceed the minimum bid amount stated in the offering announcement. Bids that exceed the minimum bid amount must be in the multiple stated in the offering announcement.

(b) *Noncompetitive.* A bidder bidding competitively for its own account may not bid noncompetitively for its own account in the same auction. A request for reinvestment of securities maturing in TREASURY DIRECT is a noncompetitive bid.

(1) *Maximum bid.* A bidder may not bid noncompetitively for more than $1 million in a bill auction or more than $5 million in a note or bond auction. The maximum bid limitation does not apply to bidders who are bidding solely through TREASURY DIRECT reinvestment requests.

(2) *Additional restrictions.* Between the date of the offering announcement and the time of the official announcement by the Department of the auction results, a noncompetitive bidder may not hold, at any time, a position for its own account in when-issued trading or in futures or forward contracts in the security being auctioned or enter into any agreement to purchase or sell or otherwise dispose of the securities it is acquiring in the auction. For purposes of this paragraph, futures contracts include those:

(i) That require delivery of the specific security being auctioned;

(ii) For which the security being auctioned is one of several securities that may be delivered; or

(iii) That are cash-settled.

(c) *Competitive.* A bidder bidding noncompetitively for its own account may not bid competitively for its own account in the same auction.

(1) Bid format—(i) *Treasury bills.* A competitive bid must show the discount rate bid, expressed with three decimals in .005 percent increments. The third decimal must be either a zero or a five, *e.g.,* 5.320 or 5.325. Fractions may not be used.

(ii) *Treasury fixed-principal securities.* A competitive bid must show the yield bid, expressed with three decimals, e.g., 4.170. Fractions may not be used.

(iii) *Treasury inflation-indexed securities.* A competitive bid must show the real yield bid, expressed with three decimals, e.g., 3.070. Fractions may not be used.

(2) Maximum recognized bid. There is no limitation on the maximum dollar amount that a bidder may bid for competitively, either at one yield or discount rate, or at different yields or discount rates. However, a competitive bid at a single yield or discount rate that exceeds 35 percent of the offering amount will be reduced to that amount. For example, if the offering amount is $10 billion, the maximum bid amount that will be recognized at any one yield or discount rate from any bidder is $3.5 billion. (*See* § 356.22 for award limitations.)

[58 FR 414, Jan. 5, 1993, as amended at 60 FR 13907, Mar. 15, 1995; 62 FR 851, Jan. 6, 1997; 62 FR 32033, June 12, 1997; 62 FR 43093, Aug. 12, 1997; 63 FR 4187, Jan. 28, 1998; 67 FR 68516, Nov. 12, 2002]

§ 356.13   Net long position.

(a) *Reporting net long positions.* When bidding competitively, a bidder must report the amount of its net long position when the total of all of its bids in an auction plus the bidder's net long position in the security being auctioned equals or exceeds the net long position reporting threshold amount. The net long position reporting threshold amount for any particular security will be stated in the offering announcement for that security. (*See* § 356.10.) That amount will be 35 percent of the offering amount, unless otherwise stated in the offering announcement. If the bidder either has no position or has a net short position and the total of all of its bids equals or exceeds the net long position reporting threshold amount, a net long position of zero must be reported. In cases where a bid-

der that is required to report the amount of its net long position has more than one bid, the bidder's total net long position should be reported in connection with only one bid. A bidder that is a customer must report its reportable net long position through only one depository institution or dealer. (*See* § 356.14(c).)

(b) *Determination of net long position.* (1) The net long position must be determined as of the designated reporting time, which is one-half hour prior to the closing time for receipt of competitive bids. Except as modified in (b)(2) in the event of a reopening, a net long position includes the par amount of:

(i) Holdings of outstanding securities with the same CUSIP number as the security being auctioned;

(ii) Holdings of STRIPS principal components of the security being auctioned; and

(iii) Positions, in the security being auctioned, in

(A) When-issued trading, including when-issued trading positions of the STRIPS principal components;

(B) Futures contracts that require delivery of the specific security being auctioned (but not futures contracts for which the security being auctioned is one of several securities that may be delivered, and not futures contracts that are cash-settled); and

(C) Forward contracts that require delivery of the specific security being auctioned or of the STRIPS principal component of that security.

(2) In a reopening (i.e., additional issue) of an outstanding security, a bidder may subtract the published exclusion amount for that security from: its holdings of the outstanding securities (paragraph (b)(1)(i) of this section) combined with its holdings of STRIPS principal components of the security being auctioned (paragraph (b)(1)(ii) of this section). The amount of holdings that may be excluded from the net long position calculation will be specified in the Treasury offering announcement for that auction. A bidder may not take the exclusion if its combined holdings are zero or less than zero. The exclusion is optional for bidders. However, if a bidder takes the exclusion, it must include any holdings in excess of the exclusion amount in calculating its